

1 The State Bar of California alleges:

2 JURISDICTION

3 1. MITCHELL J. STEIN ("Respondent") was admitted to the practice of law in the State
4 of California on December 10, 1985, was a member at all times pertinent to these charges, and
5 is currently a member of the State Bar of California.

6 COUNT ONE

7 Case No. 11-O-16105
8 Rules of Professional Conduct, rule 3-110(A)
[Failure to Perform with Competence]

9 2. Respondent wilfully violated Rules of Professional Conduct, rule 3-110(A), by
10 intentionally, recklessly, or repeatedly failing to perform legal services with competence, as
11 follows:

12 3. In or about March 2011, Paul Strohecker ("Strohecker") had a telephone conversation
13 with Toby Butterworth ("Butterworth"), a non-attorney employed by Respondent, regarding
14 becoming a plaintiff in a mass joinder lawsuit against Strohecker's mortgage lender, Deutsch
15 Bank. Butterworth told Strohecker that by becoming a plaintiff in Respondent's mass joiner
16 lawsuit, Strohecker's home would be save from foreclosure and/or Strohecker would obtain a
17 loan modification.

18 4. In or about March 2011, Butterworth sent Respondent's fee agreement to Strohecker.
19 The fee agreement provided that in exchange for Respondent's representation, Strohecker was
20 required to pay an "up-front," "non-refundable," "non-creditable," "fully earned retainer" as set
21 forth in "Exhibit B" of the fee agreement. Exhibit B of the fee agreement listed the non-
22 refundable and non-creditable retainer fee as \$5,000. The fee agreement further provided that
23 Respondent was to include Strohecker in the litigation matter of his choice and was to proceed
24 to assure that all aspects of Strohecker's home loan were litigated to judgment or best-case
25 settlement.

26 5. On or about March 16, 2011, Strohecker and his wife, Francesca Vacatello, signed and
27 returned Respondent's fee agreement to Butterworth.

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1 6. On or about March 21, 2011, Strohecker mailed Butterworth a cashier's check made
2 payable to Respondent in the amount of \$5,000. Respondent received the cashier's check. The
3 cashier's check was cashed. Respondent accepted representation of Strohecker.

4 7. In or about March 2011, Butterworth stated to Strohecker that Respondent would file
5 the lawsuit against Strohecker's lender in about a month.

6 8. Between in or about March 2011 and in or about July 2011, Strohecker had multiple
7 telephone conversations with Butterworth and exchanged e-mails. At no time did Strohecker
8 speak with Respondent or an attorney working with Respondent about the mass joinder
9 litigation.

10 9. In or about July 2011, Strohecker sent Butterworth an e-mail advising Butterworth that
11 Strohecker's lender had set a date for the sale of Strohecker's home. Butterworth sent
12 Strohecker an e-mail in return stating that he would telephone Strohecker. In or about July
13 2011, Butterworth telephoned Strohecker. But by that time, Strohecker's home had been sold.
14 However, Butterworth told Strohecker that the lawsuit against his lender was still a viable
15 option and urged Strohecker to permit Respondent to file a lawsuit against the lender.

16 10. Thereafter, Respondent and all Respondent's employees ceased all communication with
17 Strohecker. By ceasing all communication with Strohecker in July 2011, Respondent
18 constructively terminated his employment with Strohecker.

19 11. On or about August 15, 2011, the Superior Court of California assumed jurisdiction
20 over Respondent's law practice pursuant to Business and Professions Code section 6190.

21 12. Respondent did not obtain a loan modification on behalf of Strohecker, add Strohecker
22 to an existing mass joinder lawsuit, file a lawsuit on behalf of Strohecker, or otherwise perform
23 any legal services of value on his behalf.

24 13. By failing to file a lawsuit on Strohecker's behalf, or otherwise perform any legal
25 services of value on his behalf, Respondent intentionally, recklessly, or repeatedly failed to
26 perform legal services with competence.

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1 refundable and non-creditable retainer fee as \$5,000. The fee agreement further provided that
2 Respondent was to include Carlos Alcala in the litigation matter of his choice and was to
3 proceed to assure that all aspects of Carlos Alcala's home loan were litigated to judgment or
4 best-case settlement.

5 21. On or about April 22, 2011, Rosa Alcala met with Soto at a fast food restaurant and
6 provided Soto with a cashier's check payable to Respondent in the amount of \$5,000.
7 Respondent received the cashier's check. The cashier's check was cashed. Respondent accepted
8 representation of the Alcalas.

9 22. Between on or about April 2011 and May 2011, Rosa Alcala made multiple telephone
10 calls to Respondent at the number listed on the fee agreement to discuss her case. Initially, Rosa
11 Alcala spoke with Soto who told her that Respondent was out of the office. Soto relayed Rosa
12 Alcala's messages to Respondent. At no time did Respondent return the calls. Thereafter, Soto
13 stopped accepting Rosa Alcala's calls.

14 23. On or about May 12, 2011, Rosa Alcala sent Respondent a letter by U.S. mail, email,
15 and facsimile transmission, terminating Respondent's employment. Respondent received the
16 letter.

17 24. Respondent neither added the Alcalas to an existing lawsuit, nor filed a lawsuit on their
18 behalf. Respondent did not perform any legal services of value on behalf of the Alcalas.

19 25. By failing to file a lawsuit on the Alcalas behalf, or otherwise perform any legal
20 services of value, Respondent intentionally, recklessly, or repeatedly failed to perform legal
21 services with competence.

22 COUNT FOUR

23 Case No. 11-O-18142
24 Rules of Professional Conduct, rule 3-700(D)(2)
[Failure to Refund Unearned Fees]

25 26. Respondent wilfully violated Rules of Professional Conduct, rule 3-700(D)(2), by
26 failing to refund promptly any part of a fee paid in advance that has not been earned, as follows:

27 27. The allegations of Count Three are incorporated by reference.

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1 28. Respondent did not perform any services of value on behalf of the Alcalas. Respondent
2 did not earn any portion of the \$5,000 advanced fee that Alcalas paid to him.

3 29. During the multiple telephone conversations with Soto and in the letter sent to
4 Respondent by U.S. mail, email, and facsimile transmission, Rosa Alcala demanded that
5 Respondent return the \$5,000 advanced fee that she paid to him.

6 30. At no time did Respondent refund any portion of the \$5,000 advanced fee that the
7 Alcalas paid to him.

8 31. By failing to refund the \$5,000 advanced fee that the Alcalas paid to him, Respondent
9 failed to refund promptly, after termination of employment, any part of a fee paid in advance
10 that has not been earned.

11 COUNT FIVE

12 Case No. 12-O-11198
13 Rules of Professional Conduct, rule 3-110(A)
[Failure to Perform with Competence]

14 32. Respondent wilfully violated Rules of Professional Conduct, rule 3-110(A), by
15 intentionally, recklessly, or repeatedly failing to perform legal services with competence, as
16 follows:

17 33. Between in or about March 2011 and in or about June 2011, Jerome Kamins
18 ("Kamins"), a resident of Florida, discussed with various non-attorneys employed by
19 Respondent about his joining the mass joinder lawsuits that Respondent was prosecuting.

20 34. On or about June 14, 2011, Kamins and his wife, Elaine Kamins, signed and mailed
21 Respondent's fee agreement to Respondent. The fee agreement provided that in exchange for
22 Respondent's representation, Kamins was required to pay an "up-front," "non-refundable,"
23 "non-creditable," "fully earned retainer" as set forth in "Exhibit B" of the fee agreement. The
24 fee agreement further provided that Respondent was to include Kamins in the litigation matter
25 of his choice and was to proceed to assure that all aspects of Kamins's home loan were litigated
26 to judgment or best-case settlement. The fee agreement stated the retainer amount for legal
27 services was listed in "Exhibit B." Exhibit B listed the retainer fee to be \$5,000.

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1 35. On or about June 14, 2011, Kamins also mailed Respondent a check made payable to
2 Respondent in the sum of \$5,000. Respondent received the cashier's check. The cashier's check
3 was cashed. Respondent accepted representation of Kamins.

4 36. On or about August 15, 2011, the Superior Court of California assumed jurisdiction
5 over Respondent's practice pursuant to Business and Professions Code section 6190.

6 37. On or about January 24, 2012, Kamins sent an email to Respondent terminating
7 Respondent's employment. Respondent received the email.

8 38. Respondent neither added Kamins to an existing lawsuit, nor filed a lawsuit on his
9 behalf. Respondent did not perform any legal services of value on behalf of Kamins.

10 39. By failing to file a lawsuit on Kamins behalf, or otherwise perform any legal services of
11 value, Respondent intentionally, recklessly, or repeatedly failed to perform legal services with
12 competence.

13 COUNT SIX

14 Case No. 12-O-11198
15 Rules of Professional Conduct, rule 3-700(D)(2)
[Failure to Refund Unearned Fees]

16 40. Respondent wilfully violated Rules of Professional Conduct, rule 3-700(D)(2), by
17 failing to refund promptly any part of a fee paid in advance that has not been earned, as follows:

18 41. The allegations of Count Five are incorporated by reference.

19 42. Respondent did not perform any services of value on behalf of Kamins. Respondent did
20 not earn any portion of the \$5,000 advanced fee that Kamins paid to him. At no time did
21 Respondent refund any portion of the \$5,000 advanced fee that Kamins paid to him.

22 43. By failing to refund the \$5,000 advanced fee that Kamins paid to him, Respondent
23 failed to refund promptly, after termination of employment, any part of a fee paid in advance
24 that has not been earned.

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1 COUNT SEVEN

2 Case No. 12-O-13367
3 Rules of Professional Conduct, Rule 3-110(A)
4 [Failure to Perform with Competence]

5 44. Respondent wilfully violated Rules of Professional Conduct, rule 3-110(A), by
6 intentionally, recklessly, or repeatedly failing to perform legal services with competence, as
7 follows:

8 45. On or about December 3, 2010, Kenneth Schalmo ("Schalmo"), an Ohio resident,
9 employed Respondent to represent him in mortgage litigation involving numerous properties
10 owned by Schalmo and his various affiliates on which there existed a secured loan or mortgage.

11 46. On or about December 3, 2010, Schalmo signed Respondent's fee agreement. The fee
12 agreement provided that Respondent would "zealously and vigorously protect [Schalmo's]
13 personal legal rights" and conduct litigation against "various financial institutions for violating
14 their legal obligations toward [Schalmo]."

15 47. On or about December 3, 2010, Schalmo purchased a cashier's check made payable to
16 Respondent in the amount of \$80,000. On or about that date, Schalmo sent the cashier's check
17 and the signed fee agreement to Respondent. Respondent received the cashier's check.
18 Respondent cashed the cashier's check and countersigned the fee agreement. Respondent
19 accepted employment by Schalmo.

20 48. On or about December 7, 2010, Respondent countersigned the fee agreement.

21 49. Between in or about December 2010 and in or about August 2011, Schalmo
22 communicated by e-mail and telephone with Respondent and a man that identified himself as
23 Michael S. Riley ("Riley"), a member of the State Bar of Florida and business partner of
24 Respondent. During this time, Schalmo requested status updates on the litigation involving his
25 investment properties. Between in or about April 2011 and August 2011, Respondent and Riley
26 advised Schalmo to pursue the mass joinder litigation that Respondent was purportedly
27 prosecuting against banks.

28 50. On or about August 15, 2011, the Superior Court of California assumed jurisdiction
over Respondent's law practice pursuant to Business and Professions Code section 6190.

1 51. On or about September 16, 2011, Respondent and Schalmo signed an agreement
2 terminating Respondent's employment.

3 52. Between December 3, 2010 and September 16, 2011, Respondent neither added
4 Schalmo to an existing lawsuit, nor filed a lawsuit on his behalf. Respondent did not perform
5 any legal services of value on behalf of Schalmo.

6 53. By failing to file a lawsuit on behalf of Schalmo, or otherwise perform any legal
7 services on his behalf, Respondent intentionally, recklessly, or repeatedly failed to perform
8 legal services with competence.

9 COUNT EIGHT

10 Case No. 12-O-13367
11 Rules of Professional Conduct, rule 4-100(B)(3)
[Failure to Render Accounts of Client Funds]

12 54. Respondent wilfully violated Rules of Professional Conduct, rule 4-100(B)(3), by
13 failing to render appropriate accounts to a client regarding all funds coming into Respondent's
14 possession, as follows:

15 55. The allegations of Count Seven are incorporated by reference.

16 56. On or about November 1, 2011, November 22, 2011, December 1, 2011, December 7,
17 2011, January 23, 2012, March 12, 2012, and March 20, 2012, Schalmo sent e-mails to
18 Respondent requesting an accounting of the \$80,000 advanced fee that Schalmo paid to
19 Respondent. Respondent received the e-mails.

20 57. At no time did Respondent provide Schalmo with an accounting of the \$80,000 that
21 Schalmo paid to Respondent.

22 58. By failing to account for the \$80,000 advanced fee paid by Schalmo, Respondent failed
23 to render appropriate accounts to a client regarding all funds coming into Respondent's
24 possession.

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1 69. On or about September 19, 2011, Respondent directed Schalmo to instruct the tenants
2 of all Schalmo's rental properties to make their rent checks payable to "IAG". Schalmo
3 complied with the request.

4 70. On or about October 4, 2011, Schalmo forwarded approximately 60 rent checks to
5 Respondent at Respondent's law firm address. Respondent received the rent checks.

6 71. On or about October 4, 2012, Respondent directed Schalmo to send any remaining rent
7 checks to "IAG," located at 23371 Mulholland Drive, Suite 142, in Woodland Hills, California.
8 Schalmo complied with the request.

9 72. 23371 Mulholland Drive, Suite 142, in Woodland Hills California is a post office box
10 within a Postal Annex store. As of September 21, 2011, post office box 142 was registered to
11 Respondent's wife, Tracey Hampton-Stein. Respondent received all the rent checks sent to the
12 post office box by Schalmo.

13 73. Between on or about November 1, 2011, and on or about November 3, 2011,
14 Respondent cashed the rent checks he received from Schalmo. The checks totaled \$52,077.

15 74. On or in about November 2011, Respondent converted the \$52,077 and used the money
16 for his own personal use. At no time did Respondent utilize trusts, escrow accounts, or
17 partnership agreements to protect Schalmo's assets.

18 75. Between on or about November 22, 2011 and March 20, 2012, Schalmo sent multiple
19 e-mails to Respondent demanding the return of the certified copies of the deeds and the rent
20 funds he had sent to Respondent. Respondent received the e-mails.

21 76. At no time did Respondent return any of the \$52,077 in funds belonging Schalmo.

22 77. At no time did Respondent return to Schalmo the certified copies of the deeds.

23 78. By misleading Schalmo to believe that the multiple trusts, escrow accounts, and
24 partnership agreements which Respondent created would protect Schalmo's assets, by directing
25 Schalmo to send him the rent checks and certified deeds of the properties, by converting to his
26 own use the \$52,077 in rent funds, and by failing to comply with Schalmo's repeated demands
27 to return the copies of the certified deeds, Respondent committed an act involving moral
28 turpitude, dishonesty or corruption.

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1 84. Between on or about January 1, 2011 and on or about October 30, 2012, Respondent
2 employed Erikson M. Davis ("Davis"), a member of the State Bar of California, in the capacity
3 of a straw man, for the purpose of enabling Respondent to engage in the *sub rosa* practice of
4 law, including, but not limited to, directing litigation strategy, soliciting new clients,
5 representing existing clients, filing pleadings in court, and collecting attorney's fees.

6 85. Between on or about January 1, 2011 and on or about October 30, 2012, Respondent
7 employed Andrew M. Weitz ("Weitz"), a member of the State Bar of California, in the capacity
8 of a straw man, for the purposes of enabling Respondent to engage in the *sub rosa* practice of
9 law, including, but not limited to, directing litigation strategy, soliciting new clients,
10 representing existing clients, filing pleadings in court, and collecting attorney's fees.

11 86. By, publishing multiple statements on the website that advertised legal services or held
12 out Respondent as practicing or entitled to practice law and by employing Davis and Weitz in
13 the capacity of straw men to facilitate Respondent's *sub rosa* practice of law, Respondent failed
14 to support the Constitution and laws of the United States and of this state by holding himself out
15 as practicing or entitled to practice law or otherwise practicing law while not an active member
16 of the State Bar in violation of Business and Professions Code, section 6125 and 6126.

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18 **NOTICE - INACTIVE ENROLLMENT!**

19 **YOU ARE HEREBY FURTHER NOTIFIED THAT IF THE STATE BAR**
20 **COURT FINDS, PURSUANT TO BUSINESS AND PROFESSIONS CODE**
21 **SECTION 6007(c), THAT YOUR CONDUCT POSES A SUBSTANTIAL**
22 **THREAT OF HARM TO THE INTERESTS OF YOUR CLIENTS OR TO**
23 **THE PUBLIC, YOU MAY BE INVOLUNTARILY ENROLLED AS AN**
24 **INACTIVE MEMBER OF THE STATE BAR. YOUR INACTIVE**
25 **ENROLLMENT WOULD BE IN ADDITION TO ANY DISCIPLINE**
26 **RECOMMENDED BY THE COURT.**

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Respectfully submitted,

By: 
Eli D. Morgenstern
Senior Trial Counsel

By: 
Kelsey J. Blevings
Deputy Trial Counsel

By: Kelsey J. Blevings
Deputy Trial Counsel

DECLARATION OF SERVICE

by
U.S. CERTIFIED MAIL

CASE NUMBER(s): **11-0-16105, 11-0-18142, 12-0-11198, 12-0-13367 and 12-0-11726**

I, the undersigned, am over the age of eighteen (18) years and not a party to the within action, whose business address and place of employment is the State Bar of California, 1149 South Hill Street, Los Angeles, California 90015, declare that:

- on the date shown below, I caused to be served a true copy of the within document described as follows:

NOTICE OF DISCIPLINARY CHARGES

☐

By U.S. First-Class Mail: (CCP §§ 1013 and 1013(a))

- in accordance with the practice of the State Bar of California for collection and processing of mail, I deposited or placed for collection and mailing in the City and County of Los Angeles.

☒

By U.S. Certified Mail: (CCP §§ 1013 and 1013(a))

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By Overnight Delivery: (CCP §§ 1013(c) and 1013(d))

- I am readily familiar with the State Bar of California's practice for collection and processing of correspondence for overnight delivery by the United Parcel Service ("UPS").

☐

By Fax Transmission: (CCP §§ 1013(e) and 1013(f))

Based on agreement of the parties to accept service by fax transmission, I faxed the documents to the persons at the fax numbers listed herein below. No error was reported by the fax machine that I used. The original record of the fax transmission is retained on file and available upon request.

☐

By Electronic Service: (CCP § 1010.6)

Based on a court order or an agreement of the parties to accept service by electronic transmission, I caused the documents to be sent to the person(s) at the electronic addresses listed herein below. I did not receive, within a reasonable time after the transmission, any electronic message or other indication that the transmission was unsuccessful.

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(for U.S. First-Class Mail) in a sealed envelope placed for collection and mailing at Los Angeles, addressed to: *(see below)*

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(for Certified Mail) in a sealed envelope placed for collection and mailing as certified mail, return receipt requested,

Article No.: 7160 3901 9845 4871 4111 at Los Angeles, addressed to: *(see below)*

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(for Overnight Delivery) together with a copy of this declaration, in an envelope, or package designated by UPS,

Tracking No.: addressed to: *(see below)*

Person Served	Business-Residential Address	Fax Number	Courtesy Copy to:
STEVEN JAY IPSEN	32950 Deerglen Lane Agua Dulce, CA 91390	Electronic Address	

☐

via inter-office mail regularly processed and maintained by the State Bar of California addressed to:

N/A


I am readily familiar with the State Bar of California's practice for collection and processing of correspondence for mailing with the United States Postal Service, and overnight delivery by the United Parcel Service ("UPS"). In the ordinary course of the State Bar of California's practice, correspondence collected and processed by the State Bar of California would be deposited with the United States Postal Service that same day, and for overnight delivery, deposited with delivery fees paid or provided for, with UPS that same day.

I am aware that on motion of the party served, service is presumed invalid if postal cancellation date or postage meter date on the envelope or package is more than one day after date of deposit for mailing contained in the affidavit.

I declare under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct. Executed at Los Angeles, California, on the date shown below.

DATED: December 14, 2012

SIGNED:


KIM WIMBISH
Declarant